

SCHEDULES

SCHEDULE 30

REGISTERED PENSION SCHEMES: EMPLOYER LOANS

Definitions

Charge of adequate value

- 1 (1) A charge is of adequate value if it meets conditions A, B and C.
- (2) Condition A is that, at the time the charge is given, the market value of the assets subject to the charge—
 - (a) in the case of the first charge to secure the loan, is at least equal to the amount owing (including interest), and
 - (b) in any other case, is at least equal to the lower of that amount and the market value of the assets subject to the previous charge.
- (3) Condition B is that if, at any time after the charge is given, the market value of the assets charged is less than would be required under condition A if the charge were given at that time, the reduction in value is not attributable to any step taken by the pension scheme, the sponsoring employer or a person connected with the sponsoring employer.
- (4) Condition C is that the charge takes priority over any other charge over the assets.

Loan repayment date

- 2 (1) “Loan repayment date” means the date by which the total amount owing (including interest) must be paid.
- (2) A standard loan repayment date is a loan repayment date before the end of the period of five years beginning with the date on which the loan is made.

Loan year

- 3 (1) “Loan year” means—
 - (a) the period of 12 months beginning with the date on which the loan is made, and
 - (b) each succeeding period of 12 months.
- (2) But in the period of 12 months in which the loan repayment date falls, the loan year ends on the loan repayment date (and that loan year is the last loan year).

Status: This is the original version (as it was originally enacted).

Required amount

- 4 “The required amount”, in relation to a period beginning with the date on which the loan is made and ending with the last day of a loan year, is—

$$\frac{L - \text{TIP}}{\text{TLY}} \times \text{NLY}$$

where—

- L is the amount of the loan,
- TIP is the total interest payable on the loan,
- TLY is the total number of loan years, and
- NLY is the number of loan years in the period.